ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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PER R. R.

HIGHLIGHTS OF BUSINESS IN OCTOBER

Most of the sensitive business indicators were on the "bearish" side in October. Although the new low in the stock market on October 22 was followed by the largest single-day gain since November 14, 1929, the rally did not continue and the average for the month was the lowest for the year. Department store sales fell below the corresponding month of last year for the second consecutive time and were well down from September. Carloadings ran about 10 percent under October, 1956. Steel output was lower than in September and about 17 percent below October last year. Production of paper, bituminous coal, petroleum, and lumber were down from the corresponding period in 1956 and electric power output was off from September. Insured unemployment was running more than 30 percent above the like period last year at about 1.3 million.

Auto sales, up 9 percent from October a year ago as dealers cut prices on 1957 models to clear the way for higher-priced 1958's, and paperboard production, running about 7 percent above last year, were again the brighter spots in the picture.

Construction Outlays High

Although October construction outlays of nearly $4.5 billion were down seasonally from the September record of $4.6 billion, they exceeded the previous October record of $4.3 billion and reinforced expectations that the total for the year would reach $47 billion. The total for the first 10 months of the year amounted to $39.4 billion, 2 percent above the corresponding 1956 figure.

Outlays for private construction in October were just over $3 billion, down about 3 percent from September and about the same as a year ago. Public utilities construction set a new record and went over the half-billion dollar mark for the fifth consecutive month. Spending for offices and warehouses was at a record high for October. Outlays for new residential construction were up slightly from September, after allowance for seasonal factors, but were 6 percent below last October. Industrial construction continued the downward movement which began in April, but was still 5 percent above the month last year.

Public construction outlays were down to $1.4 billion in October from the September record high of nearly $1.5 billion. However, the total for the first 10 months was up 8 percent from the comparable period of 1956.

Construction contracts awarded in September were 2 percent over the year-ago figures. Contracts for new housing accounted for the most of the gain, an increase of 10 percent over September, 1956, carrying the residential total to $1.2 billion. Nonresidential building awards were only slightly ahead of the corresponding month last year and heavy engineering contracts fell 11 percent below. In the latter group electric power and light projects were off 55 percent, bringing the nine months' total for these 13 percent below the like period in 1956.

Manufacturers' Sales, Orders Down

Manufacturers' sales, after seasonal adjustment, were down about $400 million from August to September. The decline was evenly divided between durable and nondurable goods industries, as was the adjusted sales total of $28.2 billion. Compared with September, 1956, sales were up 4 percent, but price increases accounted for this rise.

New orders received by manufacturers declined 2 percent below August to $26.8 billion on a seasonally adjusted basis. Most of the decline from August came in the durable goods industries. Orders received by machine tool builders dropped to $28.9 million, the lowest volume for any month since April, 1950. They compared with $44.5 million for August and $78.5 million for September, 1956.

Unfilled orders were down $1.5 billion to $56.3 billion, $7.3 billion below September last year.

The book value of manufacturers' inventories in September was off by $100 million from August to $54.1 billion, after seasonal adjustment. Although the total was still about $3 billion above the corresponding 1956 month, the decline from August suggests that inventory accumulation by manufacturers may have come to an end.

Nonfarm Employment Weakens

Employment in October rose to 66 million, about 300,000 workers above last month. The increase was nearly all concentrated in farm employment, which had slumped in September because of bad weather.

Nonfarm employment, which normally rises in October, fell by 50,000. Factory payrolls declined for the tenth consecutive month after allowance for seasonal fluctuations. Steel works, foundries, and plants producing metal-working, electrical, and general industrial machinery were particularly affected by job reductions. Unemployment was about the same as in September at 2.5 million, although it normally declines at this time of year. In October, 1956, it was estimated at 2.1 million on a comparable basis.

"WAGE INFLATION" IN PERSPECTIVE · · · By Solomon B. Levine · · · Page 6

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V LEWIS BASSIE, *Director* — RUTH A. BIRDZELL, *Editor of Publications*

JOSEPH D. PHILLIPS, *Research Associate Professor*

Research Assistants

ANN ALVORD — JACK A. RARDIN

C. G. PELEKOUDAS

Crosscurrents in Housing

Home building has shown renewed strength in recent months. Seasonally adjusted housing starts rose to an annual rate of a million units in the third quarter, up about 7 percent from last winter's low. The gap from the same month a year earlier has narrowed steadily, to a two-year low in September.

This recovery movement was the net result of cross-currents influencing the rate of building in various ways. The underlying factors in the situation did not change substantially: The rate of family formation was relatively stable, and the over-all supply of houses in existence tended to expand relatively, though not enough to make a significant difference in a few months.

Hence, transitory factors dominated, strengthening the market for the time being.

Some Moves to Keep Building High

Complaints by builders against the tight money policy reaffirm its effectiveness as a restraint on home building. The recent experience suggests that most of this effect is attributable to the inflexibility of interest rates in mortgage lending. In conventional loans, where rates are more nearly competitive, there has been little restriction. Most of the decline since 1955 has been in government-insured starts under FHA and VA programs. The clincher for the inflexibility thesis is 1957 experience. VA loans, limited by statute to a rate of 4½ percent, continued down. FHA rates were raised, to 5¼ percent plus one-half of 1 percent for loan insurance and additions resulting from allowable discounts, and FHA starts made a good recovery, regaining the 1956 level in September. In the meantime, conventional starts had taken over the whole burden, running above 1956 through the early part of 1957, when both FHA and VA were making new lows.

Builders, taking this experience as their text, frequently hold that the whole problem can be solved by permitting higher interest rates on all mortgage loans. What is overlooked is that this merely tends to set one kind of restriction against another. The rate of interest is a cost with a direct impact on the monthly payments a family is required to make, and the longer the repayment period, the more important the interest charges become. Thus, although the market is immediately freed from the restriction of inadequate funds, it is subject to the restriction of higher price. In relation to limited means, this means that more buyers fail to qualify under the usual payment-to-income ratios, and over a longer period, building will not necessarily be stimulated.

During the past two years, the market has had to contend with rising construction costs as well as higher interest rates. Builders widely attempted to convert these adverse price movements into a temporary stimulus to sales, by advertising, for example, that "There is no better hedge against inflation than owning your own home."

A more definite aid to building took the form of making increased funds available in the secondary mortgage market. In the last session, Congress authorized over $1.5 billion of additional funds for FNMA operations, mainly mortgage purchases. Federal Reserve Chairman Martin, in his testimony on the proposal, pointed out that the benefits of such action tend to be lost in the subsequent reactions of money and capital markets, since the difficulty would be constantly re-created by the additional pressures placed upon those markets.

With respect to low-cost housing, the lenders of long-term funds unmistakably want good rates and guarantees too. They have consistently refused to make mortgage loans at rates below the competitive level even with the guarantees: There could hardly be any more definite indication that the housing now being produced under government programs would, without the guarantees, be uneconomic from their point of view.

Creating Uneconomic Housing

What is not so apparent is that a good deal of this kind of housing is uneconomic from the borrower's point of view also. As rates are increased, down payments reduced, and repayment periods extended, the burden of interest becomes inordinate. Recent actions put down payments at new lows and extend the term of monthly payments to 30 years. However, an increase in interest rate from 4½ to 5¼ percent just offsets an increase from 25 to 30 years in effects on the monthly payments required. Very few buyers seem to be aware of how little of the principal they will repay from the monthly payments required in the first 10 years of a 30-year mortgage at 5¾ percent, including the insurance premium.

There are two senses in which such a contract may be uneconomic: ability to make the scheduled payments and debt-asset position. For a great many buyers, current sources of income are not dependable for anything like a period of 30 years. Some do not understand their obligation and do not consider themselves liable in the event of default: They say, "I can always let them take the house back!" They may even be encouraged in this notion by the builders' salesmen.

If unemployment should rise substantially, the number who could not continue payments would be substantial. Experts in the field believe that mass foreclosures would have to be deferred under those conditions. Some suggest that a moratorium would be arranged. However, a moratorium — even without cumulating defaulted interest into principal — would not be satisfactory to many home buyers whose debt would be not only heavy in dollar terms but increasing in relation to a depreciating asset.

This point merges into the second uneconomic aspect of long-term loans with little or no down payment. During most of the repayment period, the buyer will owe more than the house is worth. Even assuming that new construction costs remain high and that straight-line depreciation is charged, the owner's equity will be less than his debt over most of the life of such contracts.

These calculations of equity based on assumptions of

(Continued on page 8)

LIVESTOCK PRODUCTION AND MARKETING

Illinois has long been a strategic center for the production and marketing of meat animals. It is one of a group of 12 Midwestern states that grow 51 percent of the nation's meat animal population, including 43 percent of the beef cattle, 73 percent of the hogs, and 32 percent of the sheep and lambs.

After the State's settlement, livestock production quickly expanded because animals could be fed the surpluses of corn which, at that time, could not be sold for cash. With the growth of railroads, the State's prestige as a meat producer was further enhanced by the emergence of Chicago as a railroad and meat processing center.

Livestock Production Today

The importance of the livestock industry to Illinois is reflected in the fact that 39 percent of the State's 1956 cash farm receipts of $1.9 billion came from the sale of meat animals. In all, Illinois ranked third in total number of livestock, with nearly 10 million head on its 176,000 farms. Of the nation's total livestock population of 178 million head last year, Illinois had over 6 million hogs and pigs, almost 3 million head of beef cattle, and three-quarters of a million sheep and lambs. The total value of the combined inventory of cattle (including milk cows), hogs, and sheep in Illinois on January 1, 1956, was $615 million, with cattle accounting for more than 70 percent of this total.

Illinois is the second-ranking state in holdings of hogs and seventh in beef cattle. With an average of 177 meat animals per square mile, Illinois has more than three times the national livestock average. There are about 120 hogs and pigs, 44 head of cattle, and 13 sheep and lambs per square mile. Nationally, the number of livestock on farms in 1956 was only slightly higher than the yearly average for the preceding decade. Illinois farmers, however, were able in 1956 to push the livestock population nearly 13 percent higher than their annual average for the preceding 10 years.

Corn-Fed Livestock

Most cattle operations are concentrated in the counties west and north of the Illinois River. The State's beef production takes three forms: (1) keeping beef cows to produce calves that are fed out for market; (2) feeding steers and heifers, most of which are shipped in from range states of the West; and (3) culling dairy cows and raising calves discarded from dairy herds.

Hog production, like cattle raising, is centered primarily in the heavy corn-producing counties of northwestern Illinois. In all, the State feeds more than 90 percent of its corn crop to livestock. Henry County was the nation's leading county in hog population in 1954, the year of the last *Census of Agriculture*. Illinois pigs and hogs usually are raised and "finished" for market on the same farms, although some feeder pigs from southern Illinois and from other states are shipped into the State's heavy corn-producing areas.

Numbers of sheep and lambs in the State are small; only one-sixth of the farms have these animals. Farms with sheep flocks are evenly distributed throughout the State, except in the dairy areas of northern Illinois.

Marketing Livestock

Since the mid-1800's the heart of America's livestock marketing system has been Chicago because of its location in the center of the greatest livestock-producing area, the network of railroads that meet there, and the specialized meat-packing facilities provided there. At first the individual railroads leading into Chicago had separate stock-handling facilities. But in 1865 these railroads collectively financed the Union Stock Yards and Transit Company, which has since served as a central point to handle stock moving into the city.

In the past few decades, there has been some decentralization from Chicago. This trend has resulted from the fact that two-thirds of the livestock are raised west of the Mississippi and eaten east of it. Packers have spread out so their plants may be nearer the farmers and ranchers, who have shown a preference for short truck or train hauls in marketing the live animals. As a result, other cities west of Chicago have been able to expand marketing activities.

Marketing of livestock begins when the animal is sold for the first time by producers. Livestock are sold on farms to local dealers or shipped by farmers to marketing centers, depending upon expected price, expenses of marketing, and nearness to market. Many types of agencies, such as dealers, truckers, railroads, slaughterers and packers, and wholesalers, provide the facilities and services needed to move livestock from the farms and finally the finished product to retailers. Because transportation is the largest single expense in marketing livestock, there has been a decided tendency to transfer livestock (primarily cattle) from Western ranches to Corn Belt feeder lots for fattening rather than ship proportionately greater loads of corn to the West. From these lots they can be shipped to large central markets, such as Chicago, within a matter of hours without appreciable loss of weight.

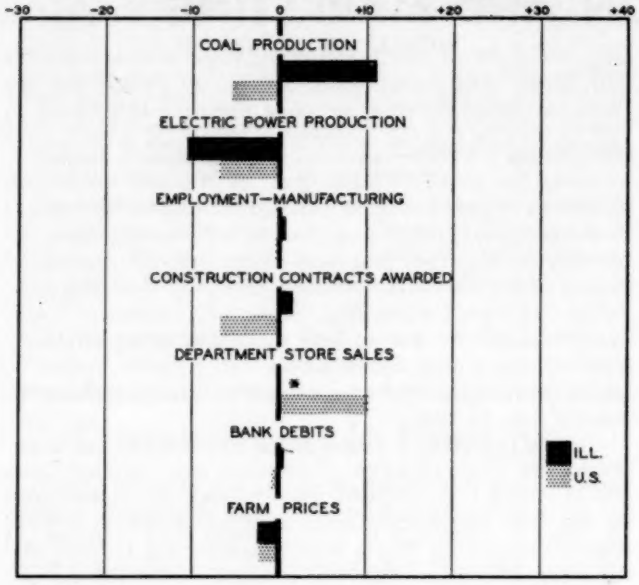
Livestock are slaughtered, processed, and packed in more than 380 meat plants in Illinois. These plants are diversified in character: some merely slaughter animals, some slaughter and process, and some simply process and specialize in other ways. Of the 380 meat houses, a little over 100 packing establishments handle about nine-tenths of the volume of meat products.

Despite seasonal fluctuations in marketing, meat consumption remains fairly steady throughout the year. Increasing use of domestic refrigerators and freezers, and locker plants have not only satisfied this consumer demand but have led to greater per capita consumption of meats. Last year the average American ate 167 pounds of meat compared with 142 pounds in 1950. Continued expansion of livestock production will be closely linked to the demand for meats. Although the growth of population will necessitate greater production, continued expansion will depend chiefly upon such variables as preference for meat in the basic diet and per capita consumer income.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes August, 1957, to September, 1957



* No change.

ILLINOIS BUSINESS INDEXES

Item	Sept. 1957 (1947-49 =100)	Percentage change from Aug. 1957	Percentage change from Sept. 1956
Electric power[1]	209.4	−10.6	+ 2.7
Coal production[2]	82.1	+11.0	+ 6.1
Employment—manufacturing[3]	106.9	+ 0.7	− 2.1
Weekly earnings—manufacturing[3]	154.2[a]	+ 0.2	+ 4.1
Dept. store sales in Chicago[4]	125.0[b]	− 2.3	+ 5.0
Consumer prices in Chicago[5]	124.3	+ 0.2	+ 3.3
Construction contracts awarded[6]	307.8	+ 1.9	n.a.
Bank debits[7]	178.3	+ 0.4	+17.6
Farm prices[8]	84.0	− 2.3	+ 1.2
Life insurance sales (ordinary)[9]	261.3	− 7.7	+24.0
Petroleum production[10]	123.0	+32.2	− 0.4

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] August data; comparisons relate to July, 1957, and August, 1956. [b] Seasonally adjusted. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	September 1957	Percentage change from Aug. 1957	Percentage change from Sept. 1956
	Annual rate in billion $		
Personal income[1]	346.5[a]	− 0.1	+ 4.7
Manufacturing[1]			
Sales	338.4[a]	− 1.4	+ 2.2
Inventories	54.1[a, b]	− 0.2	+ 8.0
New construction activity[1]			
Private residential	18.9	+ 0.3	− 4.1
Private nonresidential	18.4	− 0.7	+ 7.3
Total public	18.1	+ 2.0	+11.5
Foreign trade[1]			
Merchandise exports	20.1[c]	− 0.9	+ 9.3
Merchandise imports	12.5[c]	− 9.0	− 1.2
Excess of exports	7.6[c]	+15.9	+32.4
Consumer credit outstanding[2]			
Total credit	43.0[b]	+ 0.3	+ 7.3
Installment credit	33.2[b]	+ 0.3	+ 8.0
Business loans[2]	32.4[b]	+ 1.2	+ 9.0
Cash farm income[3]	n.a.		
	Indexes (1947-49 =100)		
Industrial production[3]			
Combined index	144[a]	− 0.7	0.0
Durable manufactures	159[a]	− 1.9	− 1.9
Nondurable manufactures	132[a]	+ 0.8	+ 1.5
Minerals	129[a]	− 0.8	− 1.5
Manufacturing employment[4]			
Production workers	104	− 0.9	− 2.2
Factory worker earnings[4]			
Average hours worked	100	0.0	− 1.7
Average hourly earnings	156	+ 0.5	+ 3.5
Average weekly earnings	157	+ 0.5	+ 1.7
Construction contracts awarded[5]	290	− 6.8	+ 2.0
Department store sales[2]	128[a]	− 4.5	− 1.5
Consumer price index[4]	121	+ 0.1	+ 3.4
Wholesale prices[4]			
All commodities	118	− 0.3	+ 2.2
Farm products	91	− 2.0	+ 1.1
Foods	106	− 0.3	+ 2.4
Other	126	− 0.1	+ 2.3
Farm prices[3]			
Received by farmers	90	− 2.2	+ 3.4
Paid by farmers	118	0.0	+ 2.6
Parity ratio	83[d]	− 1.2	+ 1.2

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] As of end of month. [c] Data are for August, 1957; comparisons relate to July, 1957, and August, 1956. [d] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1957					1956
	Oct. 26	Oct. 19	Oct. 12	Oct. 5	Sept. 28	Oct. 27
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,647	1,638	1,652	1,658	1,709	1,739
Electric power by utilities mil. of kw-hr.	11,787	11,684	11,709	11,564	11,697	11,391
Motor vehicles (Wards) number in thous.	124	93	57	34	61	126
Petroleum (daily avg.) thous. bbl.	6,766	6,747	6,729	6,812	6,821	6,998
Steel 1947-49 = 100	119	120	122	123	122	145
Freight carloadings thous. of cars	704	727	742	748	739	817
Department store sales 1947-49 = 100	127	128	132	127	130	128
Commodity prices, wholesale:						
All commodities 1947-49 = 100	117.7	117.7	117.6	117.5	117.7	115.6[a]
Other than farm products and foods 1947-49 = 100	125.6	125.7	125.7	125.6	125.7	123.6[a]
22 commodities 1947-49 = 100	84.5	84.6	85.2	85.3	86.2	90.1
Finance:						
Business loans mil. of dol.	31,807	32,084	32,137	32,331	32,408	29,692
Failures, industrial and commercial number	281	258	244	261	278	267

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for October, 1956.

RECENT ECONOMIC CHANGES

Housing Vacancies

The vacancy rate on houses for rent or sale increased slightly in the third quarter of 1957, according to preliminary estimates based on the latest Census Bureau sample. During the July-through-September period, about 2.4 percent of all dwelling units in the United States were vacant and available for rent or sale. Vacancies for sale, amounting to one-half of 1 percent of available units, were the same as in the previous two periods. Vacant units for rent increased from 1.8 percent of available units in the first and second quarters to 1.9 percent in the last three-month period. The over-all vacancy rate was down about four-tenths of 1 percentage point from the third quarter of last year, with the rate on units for rent absorbing most of the decrease.

Regionally, the South and West continued to have the highest over-all vacancy rate through the first half of 1957, with rates of 2.7 and 3.7 percent, respectively. Vacancies for rent within standard metropolitan areas increased during the third quarter, bringing the rate to 2.2 percent compared with 2.0 percent in the previous quarter. Outside standard metropolitan areas, vacancies maintained a 2.8 percent rate but were below the corresponding 1956 period when the rate was 3.2 percent

Gross National Product Up

The nation's production of goods and services rose to a seasonally adjusted annual rate of $439.0 billion during the third quarter. According to preliminary estimates made by the Council of Economic Advisers, all major components of GNP except net foreign investment and Federal spending on national security contributed to the $4.7 billion increase. The drop in national security spending accounted for most of the decrease in Federal expenditures on goods and services. Increases in state and local spending, however, more than offset the reduction in Federal purchases so that total government expenditures showed some advance during the quarter.

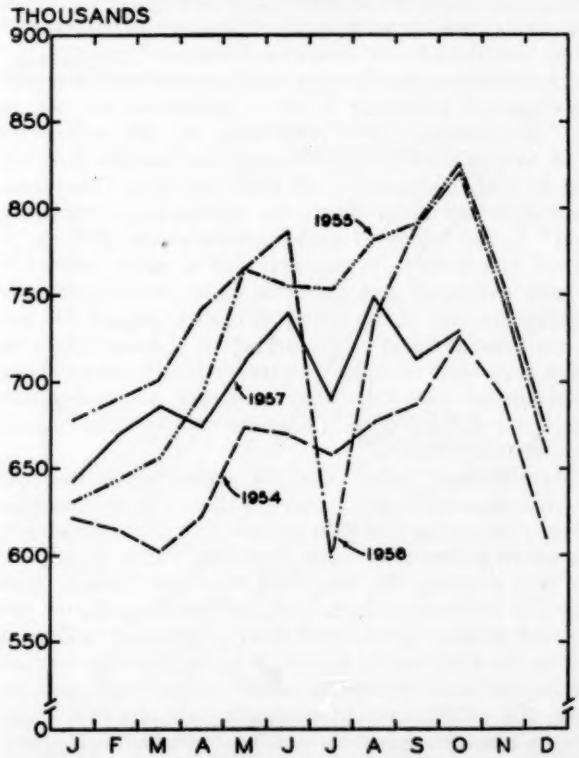
Although consumer expenditures for durable goods dropped off slightly, total personal consumption continued its steady upward movement. Fixed investment also showed a net gain during the quarter as new construction spending rose above the previous period's level of $32.7 billion.

GROSS NATIONAL PRODUCT OR EXPENDITURE
(Seasonally adjusted, billions of dollars at annual rates)

	*3rd Qtr. 1957**	*2nd Qtr. 1957*	*3rd Qtr. 1956*
Gross national product	439.0	434.3	416.7
Personal consumption	283.2	278.9	268.6
Durable goods	34.7	35.0	33.0
Nondurable goods	142.5	139.1	134.4
Services	106.0	104.9	101.1
Domestic investment	65.5	65.0	65.5
New construction	33.0	32.7	33.2
Producers' durable equipment	30.5	30.5	29.0
Change in business inventories	2.0	1.7	3.3
Nonfarm inventories only	2.3	2.2	3.9
Foreign investment	3.2	3.5	2.0
Government purchases	87.2	86.9	80.6
INCOME AND SAVINGS			
National income	n.a.	358.1	344.5
Personal income	346.5	342.4	328.7
Disposable personal income	303.0	299.5	288.8
Personal saving	19.8	20.6	20.3

* Preliminary estimates by Council of Economic Advisers.

FREIGHT CARLOADINGS
(Weekly averages)



Source: Association of American Railroads.

Freight Carloadings

The sharpest decline of the year, about 13.8 percent from the corresponding 1956 week, was featured in the latest report on revenue freight carloadings by the Association of American Railroads. Loadings for the week ended October 26 amounted to 703,688 cars, about 113,000 cars below the same week last year. The latest drop extended to 11 the number of consecutive weeks in which loadings have trailed behind comparable year-ago figures.

For the month of October, loadings averaged about 730,000 cars a week compared with 837,000 cars in October last year. As shown by the accompanying chart, loadings in 1957 have been running well below both of the previous two years with the only major exception being due to the midsummer steel strike in 1956. On a cumulative basis, loadings for the first 10 months of 1957 have amounted to about 30.1 million cars, the lowest volume since 1954 and a drop of 1.4 million cars below the 1956 figure for the corresponding period.

Shipments in all product classes except ores shared in the decline from 1956. The 12.5 percent increase in ore shipments, however, can be traced to the exceptionally low 1956 volume during the strike period. Large cutbacks occurred in the shipments of livestock, 24.6 percent; forest products, 13.8 percent; and merchandise in less-than-carload lots, 9.2 percent. Probably most significant, however, was the reduction of 6.0 percent in the 10-months' total for the miscellaneous class, which includes, among other things, all manufactured goods.

"WAGE INFLATION" IN PERSPECTIVE

SOLOMON B. LEVINE, Associate Professor of Labor and Industrial Relations

Recurring inflation has characterized the economy for the past dozen years. A steep rise from 1946 to 1948 lifted consumer prices almost 30 percent. A 10 percent spurt followed in the 1950-52 period. A third advance, which began in June, 1955, and only now appears at its end, has raised the consumer price index almost another 6 percent. Today, the CPI stands at a level half again as high as it did when wage-price controls were terminated more than eleven years ago. It is unlikely, moreover, that we have seen the last of frequent inflationary movements. Despite intervals of price decline (1948-50) and of relative price stability (1952-55 and, seemingly, the period now immediately ahead), an average annual increase in the consumer price level of 2 or 3 percent commonly is predicted for the next decade or two.

Prolonged depression in the 1930's so thoroughly cued the economy to the dangers of *de*flation that few analysts expected to be preoccupied with *in*flation as a major economic problem of the postwar years. How to cope with rising prices that seem inevitably associated with an expanding full employment economy has been perplexing and has given rise to sharp differences of opinion. There have emerged numerous conflicting views of the "causes" of inflation and competing proposals for their remedy.

The most recent price upsurge served to crystallize the diverse positions that are taken to explain the postwar inflations. Generally, the arguments revolve around three principal contentions: (1) the growth of aggregate government, business, and consumer demand, (2) the ubiquitousness of the "administered price" system, and (3) the pressure of rising money wage rates on costs. Each causal analysis of the inflation problem tends to focus on one or another of these points and, in accord with the position taken, offers a distinct set of suggestions for appropriate public policy. Of the three, however, the third has been singled out for greatest attention during the last year or so. As a result, it has been fashionable to label the 1955-57 price advance as "wage inflation" and to predict that future inflationary movements will be attributable largely to wage pressures.

Aggregate Demand as a Cause of Inflation

As long as inflation develops as an aftermath of war, aggregate demand theory most readily explains rises in the price level. In its simplest terms, this analysis shows how long pent-up demands for goods and services, once released, sustain splurges of spending that rapidly exceed the capacity to produce. Swollen money supplies, created by staggering wartime government deficits, hasten the inflationary spiral. Prices leap upward; wages follow quickly behind.

The post-World War II and Korean War inflations, of course, are prime examples of the process. For periods such as these, it is widely agreed that the most effective remedies are monetary and fiscal policies which tighten the money supply and reduce effective demand, provided they are judiciously applied so as not to lead the economy into a tailspin of deflation and unemployment. Essentially these measures, in reverse, are the same as those relied upon for lifting the economy from a recession. A reserve weapon, also frequently advocated, is direct control over wages and prices, as exercised, for example, during the Korean conflict. However, during peacetime, direct restraint of the mechanisms through which prices and wages are adjusted is considered of secondary importance to the indirect monetary and fiscal approach.

The nature of the "inflation" of the last two years nurtured doubts about the aggregate demand analysis. Measures prescribed by the theory to maintain price stability appeared to have less of an effect than expected. During the two-year period, the government achieved budget surpluses, the Federal Reserve and Treasury clamped down tightly on the money supply, unemployment tended upward with the growth of the labor force, and profit margins shrank — all of which are supposed to contribute to price stability when inflation threatens. Nevertheless, consumer prices relentlessly moved upward. Even though the rate at which the price rise proceeded was moderate, that it continued over at least 27 months made many impatient with the aggregate demand analysis and signaled a search for alternative strategies to bring the inflationary movement to a halt.

Monopolies Push Prices Up

Proponents of the "administered price" and "wage inflation" schools of thought point to institutional factors which demand theory does not specifically treat to explain the steady advance in the CPI. Common to both groups is the view that monopoly elements in the economy virtually make the difference between inflation and price stability; that is, while the monetary and fiscal tools offered by the aggregate demand approach may be adequate for dealing with sharp or gross increases in the price level such as those experienced in 1946-48 and 1950-52, for more gradual and selective inflationary movements they are less certain to work or will finally work only after agonizingly long experimentation. From both these viewpoints, an inflation, however moderate, which arises from tenacious, unrestrained monopoly is likely to be so prolonged as to pose a serious threat to equitable income distribution and long-run economic expansion.

Beyond this point, the two analyses part company over which type of monopoly is most responsible for the result. "Administered price" adherents see the evils of inflation as inherent in price-setting institutions that hold sway in both commodity and labor markets. They tend, however, to lay chief blame for inflation on "monopoly power" in the hands of major corporations. Because of lack of competition in markets for a wide variety of strategic consumer and producer goods, these companies allegedly are able to set prices with little regard for conventional demand and supply pressures. Accordingly, even though they tend to make upward price adjustments only at infrequent intervals, they maintain increases, once made, for indefinite periods, thereby unduly extending the inflationary movement.

"Administered price" analysts argue that it has been just this type of price behavior that was predominant during the recent inflation. Even though competitively determined prices may have remained stable or actually may have declined, the weight of increased "administered prices" is believed to have been sufficiently great to produce and sustain the upward drift. Corrective policy implied in the analysis, of course, is to break down barriers to competition in order to adjust supply and demand. While this solution would eliminate "administered" wage rates in labor markets, as well as "administered prices" in commodity markets, the latter are considered of first

importance because of their immediate impact upon the consumer price level.

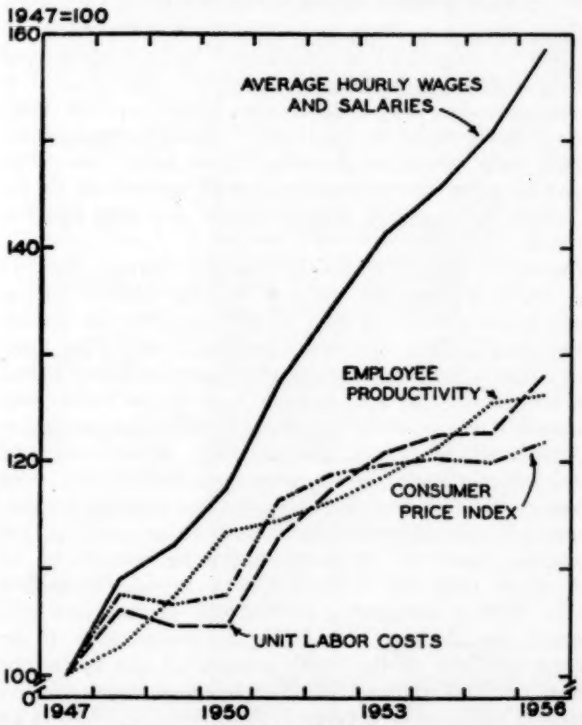
The Pressure of Rising Labor Costs

Those who believe that the "real" culprit is "wage inflation" focus upon wage-, rather than price-, setting institutions. They deny that either the aggregate demand theory or the "administered price" theory has much validity for the type of inflation we have just experienced. Like the "administered price" group, they feel that monetary and fiscal restraints went about as far as they could have gone safely and, even then, proved inadequate to the task of keeping prices from rising.

However, the "wage inflation" school rejects the contention that the crucial factor lies in "administered prices" of commodities. These analysts claim that the "administered price" system is far less formidable than alleged; that, in actuality, "administered prices" are rare and, even where they do exist, they rose modestly in comparison with many market-determined prices. In support of these points, they cite the almost imperceptible difference in the average wholesale price levels of today and a year ago. Such being the case, in their view, the critical monopoly elements must reside in the labor markets.

The key point of the "wage inflation" group is the unrelenting pressure of increasing wages upon costs. Whether prices are administered or set by market forces is considered irrelevant. In either case, it is asserted that, as shown in the accompanying chart, wage rate increases have so outdistanced productivity gains in the private nonagricultural sectors of the economy that in order for business firms to recover their unit costs of production they have been forced to raise prices. Even then, consumer prices have not increased as fast as unit labor costs. As evidence of a profit "squeeze," the analysis shows that, in the face of almost no productivity rise in the economy in 1956 and only an apparently slight improvement so far in 1957, labor's share of the national income has continued to advance, reaching a level of almost 70 percent at present, or 5 percentage points above 1951.

CONSUMER PRICES, PRIVATE NONAGRICULTURAL WAGES, AND PRODUCTIVITY



Source: Bureau of Labor Statistics.

"Wage inflation" theorists place main responsibility for the recent inflation upon trade union collective bargaining practices. Especially culpable is the use of the strike threat not only to force up basic wage rates but also to expand labor compensation to include numerous "fringe" benefits virtually unheard of a few years ago. In addition, trade union rivalries are considered the source of "pattern" bargaining which, it is asserted, tends to ignore intercompany and interindustry differences in productivity, costs, and profits. The "wage inflation" group, therefore, sees the solution to moderate but prolonged price rises in curbing the power of unions through a succession of steps: appealing to union leaders to exercise self-restraint in wage demands, urging employers to resist union demands, calling for application of antitrust laws to union activities, and, finally, proposing legislation to control wage increases and, if necessary, union representation rights.

Questions About the Wage Inflation Thesis

Opponents of the "wage inflation" position take issue with its assumptions regarding wage-cost-price relationships and the pivotal role of collective bargaining in the economy. They admit that wage rate increases, including "fringe" benefits, may have outdistanced productivity gains in the recent period. (See chart.) But they point out that wages lagged behind both productivity and consumer prices taken together at various earlier stages in the postwar years and that probably, on balance, the rates of advance have been about equal. In other words, they contend that the time-span being dealt with is too short to make any really meaningful comparisons between wage rates, productivity, costs, and prices, all of which are difficult to measure in any case.

Furthermore, they argue that the pressure of wage rate increases does not need to be translated into price rises. From 1952 to 1954, it is pointed out as an example, wage rates continued upward, but prices remained stable. Even if wages do rise faster than productivity, some contend, price increases are not necessarily justifiable so long as wages do not absorb all of the productivity gains. Others even go beyond this point by claiming that a disproportionately large share for labor is desirable in order to "correct" prior patterns of income distribution and to maintain economic stability.

Aggregate demand theorists, in particular, reject the assumption that collective bargaining in key labor markets calls the tune for wage movements throughout the economy. These opponents of the "wage inflation" analysis doubt that organized labor as a whole exerts significant pressure because it participates in setting wages for only one-fourth of the labor force, a minor segment, in which, moreover, sizable groups have relatively little bargaining power. Even more convincing evidence, they state, is that during the postwar period wage rates have gone up far more rapidly among unorganized workers, especially in service and white-collar occupations, than among the unionized. This probably reflects strong employer demands for types of labor skills in short supply — not trade union bargaining power. Unions may be effective in raising wages by closing wage differentials at the interpersonal and interplant level, but it is doubted that they exert as much leverage as market competition in affecting occupational, industrial, and regional wage relationships.

Long Run Vs. Short Run

The conflict of viewpoints summarized above needs to be looked at from a long-run, as well as from a short-run, point of view. Analysis of secular price movements, say, over the next two decades, has to consider a wide variety of pressures, either inflationary or deflationary. Growing population, increasing urbanization and suburbanization, new and more complex technologies, continued foreign dependence on military and economic assistance, shifts in production toward services and specialized commodities, and so forth are bound to make heavy demands upon the economy at the very time that it will suffer from acute labor shortages, lack of desired skills, and depleted raw material supplies. Such a combination of circumstances undoubtedly will be inflationary, and the tendency toward inflation will be strengthened so long as there is continuing popular support for public policies of full employment, high farm income, strong unionism, and industrial harmony. Even if the economy continues its historic trend of increasing productivity by 2 or 3 percent a year, it may prove unrealistic to hold wage increases to this rate.

On the other hand, the long run also has deflationary aspects. Prospects of increasing competition among goods and services, new research discoveries and developments, a better-trained, better-educated, and healthier labor force, improved work incentives and managerial techniques, expanding mass markets, and wiser use of growing funds of savings are some of the possibilities which hold out hopes for restraining inflation. Also, increased skill in applying fiscal and monetary policies themselves could be significant for controlling price increase, unless, of course, warfare makes this impossible. If these deflationary factors are not sufficient to stabilize prices, at least they may provide means for deciding how much inflation to tolerate short of direct controls.

While the long run is likely to have an inflationary bias, in reality the economy at any moment is apt to be precariously balanced between inflationary and deflationary forces. Increasingly, the economy is assuming broad-scale, fixed commitments to achieve high-level employment, to assure widespread personal security, and to support the survival and growth of complex institutions — values that tax its capacity to produce. At the same time, the dynamics of the society continually foster demands for change and adjustment. The cost of catering to both sets of forces may well be spasms of inflation and deflation. To avoid such short-run fluctuations, direct governmental controls may be tempting, but they are likely to be an alternative which a free nation at peace will find unpalatable even if the people complied with them.

In terms of the long-term socio-economic outlook, an inflation like that of the past two years can easily be exaggerated. Because of the welter of long-run pressures supporting inflation in the economy, it is not surprising that in a given brief period certain select elements appear to be thrusting prices upward. While the debates over the causes of short-run inflation certainly contribute to clarifying secular analysis, the discussion of whether a price rise is due to "wage inflation," or for that matter to "administered prices," tends to concentrate too heavily upon factors which at the moment happen to lie close to the surface and too little upon basic underlying forces. In the next period, deflationary pressures could take over, as may well prove to be the case in the months ahead, and the importance of "wage inflation" and "administered prices" may be quickly relegated to the background.

Crosscurrents in Housing

(Continued from page 2)

sustained values and customary write-offs are rather optimistic. Building values do not derive from costs alone. Costs are sticky, but surpluses of housing may develop and depress prices of existing houses. In depression, values may fall sharply. Moreover, depreciation is likely to be faster than straight-line even if houses are fully maintained. When home owners fail to maintain the houses in good condition, whether because they lose the ability or the incentive to do so, values tend to collapse.

These contingencies help to explain the necessity for the government guarantees. There would hardly be any low-cost market at all without them, and the builders' pleas for making interest rates "competitive" contemplate guarantees at the higher rates. That these pleas are not readily granted is also understandable. Potential difficulties for buyer as well as for government explain both the reluctance to raise rates on veterans' loans and the debate on how high a rate of interest it would be proper for the government to guarantee.

Relief from Market Saturation

While FHA building was getting a shot in the arm during recent months, another development was perhaps even more important in strengthening the housing market. Vacancy rates actually declined from the latter part of 1956 to early 1957, and this stimulated some additional building of rental units in the summer of this year.

This development appears to have derived largely from an extraordinary spurt in migration of families from farms to cities. As a result, the continued exodus of former city dwellers to the suburbs was more than offset. The migrants from rural areas often moved into quarters that had been considered substandard by those leaving them. The newcomers did not find them substandard because the quarters they had left were even less satisfactory. Some of the unoccupied units could then be regarded as dilapidated and be written out of the housing supply, helping produce the reported decline in vacancies.

There appear to have been two main components in this wave of migration to the cities. The first consists of older farm people who became eligible for social security pensions for the first time in the latter part of 1956. Many of these took the opportunity afforded by a steady if small cash income to get away from farm life. After this initial wave, the formation of such households in the city cannot be expected to continue at anything like the same rate.

The other major component is the normal flow of rural workers into the industrial labor force during periods when activity is high enough to offer job opportunities to all. This is a more definitely reversible flow. After industry no longer needs the expanded labor force, there will tend to be a movement back to the farm. Just when such a movement might occur is difficult to evaluate.

Considered by itself, the housing picture may be viewed optimistically. Some favorable factors are only temporary in character, but nevertheless may be durable enough to have continuing effects over an extended period of months. However, housing cannot be considered by itself, apart from the context of the broader economic picture. With a weakening of over-all income and employment, the decline in building is almost sure to be resumed. In fact, at the present stage of the cycle, the further reaction of any general business recession on housing is likely to be severe. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Dual Role for Trucks

Standard dry-cargo trailer trucks can now haul wet cargoes with the aid of Sealdtanks, collapsible rubber cylinders manufactured by the United States Rubber Company. The first tubes in production are 35 feet in length with a capacity of 3,800 gallons. When empty, the tubes may be rolled into half-ton packages with a diameter of 2 feet and a length of 7.5 feet.

The bags are made of four-ply rubber-coated rayon tire fabric with an outer surface of neoprene for weather and oil resistance. Metal fittings seal the ends of the cylinders. Inner linings are varied to suit the specific cargo types, which range from acids to oils. Disposable polyethylene bags serve as liners for edible liquids.

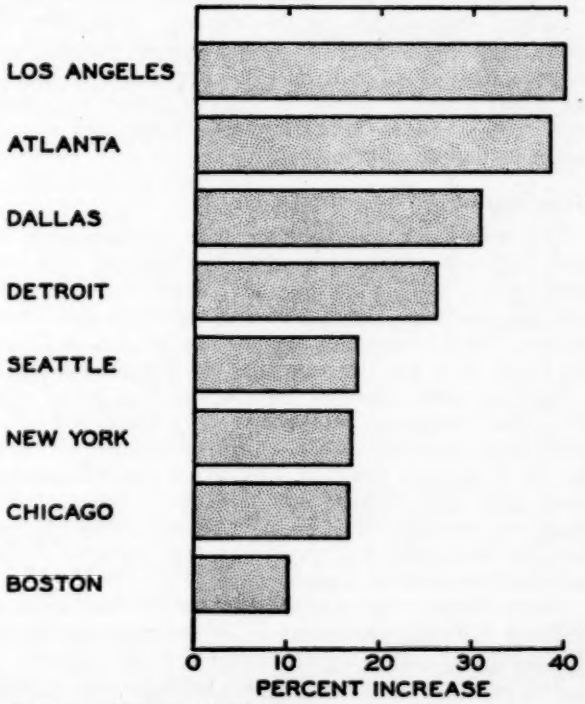
At present, only truck bags are on the market. However, the manufacturer plans to expand the line of rubber tubes to include a unit with a capacity of 6,500 gallons for railroad car use and units with capacities of 10,000 to 20,000 gallons for plant and warehouse storage.

Housing Inventory — 1956

Net increases between April, 1950, and December, 1956, in the number of dwelling units in selected standard metropolitan areas ranged from 10 to 40 percent according to preliminary results of the 1956 national housing inventory conducted by the United States Bureau of the Census. As may be seen on the accompanying chart, Los Angeles led the way with a gain of 40 percent. Of the eight selected areas, Boston registered the smallest growth in dwelling units, and Chicago was in seventh place with a 17 percent jump. A special inventory of the city of Chicago as compared with the metropolitan area indicated that the city did not share proportionately in the growth experienced by the whole area. The city's net increase was slightly more than 5 percent.

Net increase data were obtained by an examination of the components of change. Units were added through new construction, conversion, and other sources; units were lost through demolition, merger, and other means.

CHANGES IN HOUSING INVENTORIES OF SELECTED STANDARD METROPOLITAN AREAS, 1950 TO 1956



Source: Bureau of the Census.

Compare with Care

The Statistical Research Service of the F. W. Dodge Corporation has cautioned its subscribers to interpret with care significant county gains in residential construction between 1956 and 1957. In addition to expanding its construction series from 37-state to 48-state coverage in 1957, Dodge changed the method of compiling statistics for the residential series. As a result of these changes, previously published 1956 figures were revised to provide greater comparability between 1957 and 1956 data. The revised data are satisfactory for comparisons on the total 37-state, regional, and state levels; however, because of scattered reporting omissions during 1956 of building permit data, there are a few counties where comparisons would be incorrect. The Dodge Statistical Research Service has listed 26 counties where the relative residential building figures for 1956-57 appeared to be distorted by more than 20 percent. Champaign County, Illinois, was included in this listing.

Nursery Survey

Sales of eight classes of nursery products grown by commercial producers in 1956 amounted to over $32 million in the five states selected for a pilot survey by the Crop Reporting Board of the United States Department of Agriculture. The number of survey states will be increased from five — Florida, Illinois, Iowa, Colorado, and California — to ten for a new production survey in 1958. The primary objective of these surveys is to obtain further information concerning the operations of the nursery industry in order to improve current production and marketing practices.

The eight classes of nursery products included in the pilot study were conifers, broad-leaved evergreens, deciduous shade trees, deciduous shrubs, rose plants, deciduous fruit and nut trees, grape vines, and citrus and subtropical fruit trees. The largest proportion of total sales — 23 percent — was recorded for broad-leaved evergreens. Rose plants, conifers, and evergreens accounted for three-fifths of total sales. Grape vines, the smallest seller, accounted for less than 1 percent.

Computer Booklet

How the Computing System Works for You is the first booklet to be published in an educational series designed by Remington Rand Univac to introduce the high-speed, electronic computing system. Although the various large-scale electronic computing systems in operation today differ in certain respects, they function according to the same basic principles. This 36-page booklet, written in a nontechnical style, explains one system, the Univac Data Automation System. Copies of this booklet are available upon request from Remington Rand Univac, 315 Fourth Avenue, New York 10.

LOCAL ILLINOIS DEVELOPMENTS

With a few notable exceptions, Illinois business activity for September showed little change from August. Petroleum production jumped nearly one-third and coal production rose more than one-tenth. On the other hand, electric power production and life insurance sales dropped 11 and 8 percent respectively.

Year-ago comparisons indicated gains of 24, 18, and 14 percent respectively for life insurance sales, bank debits for selected Illinois cities, and business loans by leading Chicago banks.

Contributing Employers — 1956

The number of employers subject to unemployment insurance contributions jumped nearly one-fourth in 1956 to 91,100. Approximately 85 percent of these new employers were added as the result of the change in coverage in the Illinois Unemployment Compensation Act effective January 1, 1956. This change brought all employers with four or more workers within the act, whereas previously only those with six or more were covered.

Employer contributions rose sharply from $52 million in 1955 to $84 million in 1956. The increased amount of wages subject to contribution and the increased contribution rate were the causes of the increase. The average contribution rate during 1956 was 1.1 percent of taxable wages as compared with seven-tenths of 1 percent in 1955.

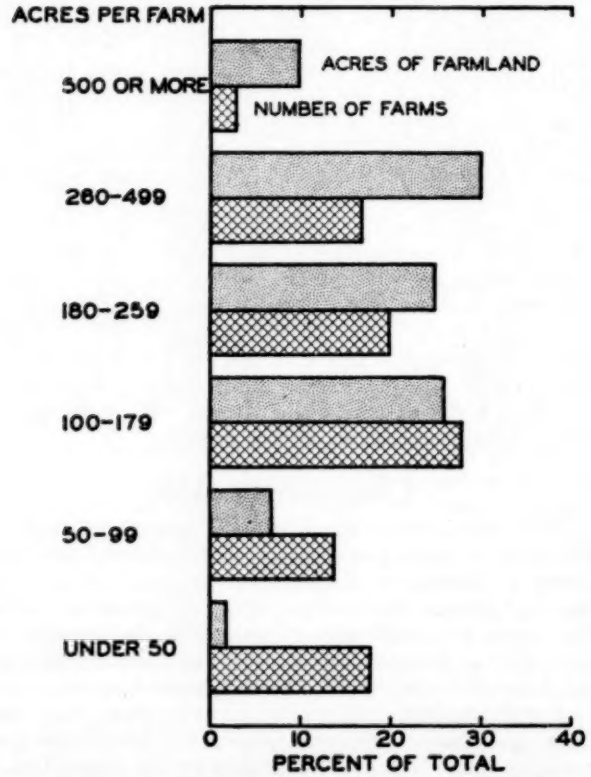
Farms Are Growing Larger

In Illinois, as well as in the United States as a whole, the average size of farms has been rising steadily. Illinois farms averaged 173 acres in 1955, an increase of 40 percent since 1900. This growth has accelerated in recent years, with a gain of 11 acres from 1900 to 1920, 10 acres in the next 20 years, 14 acres from 1940 to 1950, and 14 acres again in the next five years.

During this 55-year period, the number of Illinois farms declined by one-third to 176,000 in 1955. The consolidation of small farms into larger ones was responsible for much of this decrease. Other factors were the absorption of farm land by expanding cities, new and improved roads, the development of forest and park areas, and mining operations.

In 1955, one-fifth of Illinois farms were 260 or more acres in size and occupied two-fifths of all the farm land (see chart). On the other hand, nearly one-third of the farms contained less than 100 acres and occupied less than one-tenth of the land. The remaining farms, between 99 and 260 acres, made up about half the total number of farms and half the acreage.

DISTRIBUTION OF ILLINOIS FARMLAND, 1955



Source: *Farms Are Growing Larger*, University of Illinois, Agricultural Experiment Station. p. 11.

Toll Roads for Illinois

More than 187 miles of tollways spanning northeastern Illinois will be open to the public in 1959. Touching seven counties, three major tollways will form this network of highways — North Illinois Tollway will run from South Beloit to the outskirts of Chicago, Tri-State Tollway will pass through and around the metropolitan area of Chicago and connect with route US 41 just south of the Wisconsin line, and the East-West Tollway will run from a connection with route US 30 west of Aurora to an interchange with Tri-State west of Chicago. The North Illinois Tollway is scheduled for completion in July, 1958; the other two highways should be ready for motorists by the end of December, 1958.

Construction, operation, and maintenance responsibilities are shouldered by the Illinois State Toll Highway Commission, created in 1953 by an act of the Illinois General Assembly. The complete system is being financed by revenue bonds amounting to more than $400 million.

Safety precautions include fencing throughout the system to prevent the entry of persons or animals onto the pavement, guard rails on embankments more than 10 feet high, gradual curves to relieve driver monotony, large reflector signs indicating road rules, and a radio system to handle emergencies.

Crop Roundup

The two major Illinois crops, corn and soybeans, are much larger than seemed possible last summer. The indicated corn yield per acre is 60 bushels, 8 bushels less than the peak last year, but 6.5 bushels above the 1946-55 average. Total production, 497 million bushels, is 17 percent below 1956 but 3 percent over the 10-year average.

Soybeans are expected to average 25.5 bushels per acre. This represents a 3-bushel drop from last year's record high and a 2.5-bushel gain over the 1946-55 average. An 8 percent boost in total acres planted, as compared with 1956, helped minimize crop losses due to unseasonal weather. The jump in acreage planted, more than one-third over the 10-year average, reflects in part the high demand level for soybeans.

Sharp declines of one-fourth or more from 1956 are predicted for total production of wheat, oats, and barley. The hay crop is only slightly under the 1956 record.

Fruit crops are also under par, although the indicated apple production comes within 2 percent of the year-ago high. Honey is expected to chalk up a 15 percent gain.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

September, 1957

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$37,642**[a]	**1,165,252**[a]	**$547,700**[a]		**$15,584**[a]	**$13,849**[a]
Percentage change from Aug., 1957	*+3.4*	*−0.9*	*+2.9*	*0*	*+0.4*	*+11.5*
Percentage change from Sept., 1956	*+7.8*	*+6.3*	*+0.4*	*+4*	*+17.6*	*+1.6*
NORTHERN ILLINOIS						
Chicago	**$23,853**	**877,038**	**$389,464**		**$14,256**	**$12,261**
Percentage change from Aug., 1957	*+0.1*	*+0.3*	*+2.4*	*+1*	*+0.5*	*+12.5*
Percentage change from Sept., 1956	*+1.0*	*+5.0*	*−0.9*	*+5*	*+19.1*	*+3.1*
Aurora	**$1,040**	n.a.	**$ 8,463**		**$ 66**	**$ 131**
Percentage change from Aug., 1957	*+150.0*		*+8.5*	*−5*	*+2.6*	*+7.6*
Percentage change from Sept., 1956	*+208.6*		*+6.1*	*−8*	*+6.8*	*−0.5*
Elgin	**$ 277**	n.a.	**$ 6,291**		**$ 42**	**$ 63**
Percentage change from Aug., 1957	*−34.4*		*+7.3*	*−4*	*−1.5*	*−25.7*
Percentage change from Sept., 1956	*−9.8*		*−1.5*	*−3*	*+1.1*	*−28.7*
Joliet	**$2,142**	n.a.	**$12,058**		**$ 76**	**$ 83**
Percentage change from Aug., 1957	*+374.9*		*+6.0*	*+7*	*−8.1*	*+5.8*
Percentage change from Sept., 1956	*+207.3*		*+3.0*	*+5*	*+3.4*	*−15.8*
Kankakee	**$ 127**	n.a.	**$ 5,424**		n.a.	**$ 42**
Percentage change from Aug., 1957	*−95.0*		*+12.2*	n.a.		*−16.3*
Percentage change from Sept., 1956	*−43.0*		*+7.6*			*−4.5*
Rock Island-Moline	**$ 659**	**24,193**	**$10,979**		**$ 98**[b]	**$ 114**
Percentage change from Aug., 1957	*−28.0*	*−6.4*	*+6.6*	n.a.	*−5.2*	*−8.4*
Percentage change from Sept., 1956	*−15.6*	*+9.0*	*+12.2*		*+9.2*	*−6.9*
Rockford	**$1,845**	**44,434**[c]	**$19,399**		**$ 173**	**$ 180**
Percentage change from Aug., 1957	*+113.5*	*−1.0*	*+7.2*	*0*	*−6.1*	*+4.0*
Percentage change from Sept., 1956	*+7.2*	*+18.7*	*+5.1*	*−3*	*+2.5*	*+2.7*
CENTRAL ILLINOIS						
Bloomington	**$ 180**	**7,883**	**$ 5,721**		**$ 64**	**$ 73**
Percentage change from Aug., 1957	*−91.6*	*−11.4*	*+2.1*	n.a.	*−5.3*	*−8.4*
Percentage change from Sept., 1956	*+1.1*	*+2.7*	*+5.1*		*+4.4*	*−5.8*
Champaign-Urbana	**$ 671**	**11,187**	**$ 7,797**		**$ 66**	**$ 93**
Percentage change from Aug., 1957	*+45.2*	*−4.7*	*−6.6*	n.a.	*−2.0*	*+23.9*
Percentage change from Sept., 1956	*+92.3*	*+15.2*	*+10.4*		*+4.4*	*+10.3*
Danville	**$ 234**	**12,695**	**$ 6,627**		**$ 47**	**$ 55**
Percentage change from Aug., 1957	*+87.2*	*−2.8*	*+2.9*	*−6*	*−5.9*	*+2.7*
Percentage change from Sept., 1956	*−3.3*	*+11.0*	*+1.2*	*−3*	*−20.9*	*+8.3*
Decatur	**$ 872**	**34,153**	**$12,424**		**$ 115**	**$ 98**
Percentage change from Aug., 1957	*+11.9*	*−0.7*	*−0.2*	*−1*[c]	*−3.3*	*+8.0*
Percentage change from Sept., 1956	*−25.6*	*+6.9*	*+6.8*	*−3*[c]	*−9.5*	*−8.6*
Galesburg	**$ 632**	**9,047**	**$ 4,307**		n.a.	**$ 37**
Percentage change from Aug., 1957	*+124.1*	*−2.6*	*−7.2*	n.a.		*+20.8*
Percentage change from Sept., 1956	*+225.8*	*+11.3*	*+0.8*			*+31.2*
Peoria	**$1,378**	**57,028**[c]	**$18,603**		**$ 229**	**$ 230**
Percentage change from Aug., 1957	*−17.5*	*−7.2*	*+9.7*	*−7*[c]	*+1.5*	*+9.7*
Percentage change from Sept., 1956	*−59.6*	*+5.7*	*−2.7*	*−7*[c]	*+10.1*	*−1.4*
Quincy	**$ 624**	**12,914**	**$ 5,282**		**$ 42**	**$ 61**
Percentage change from Aug., 1957	*+104.6*	*−3.0*	*+3.7*	*−3*	*+2.4*	*+13.6*
Percentage change from Sept., 1956	*+52.6*	*+33.5*	*+4.0*	*−3*	*+12.8*	*+7.0*
Springfield	**$2,623**	**34,481**[c]	**$15,369**		**$ 124**	**$ 213**
Percentage change from Aug., 1957	*+192.1*	*−14.0*	*+3.8*	*−2*[c]	*+6.8*	*+13.7*
Percentage change from Sept., 1956	*+864.3*	*+3.3*	*+7.4*	*−5*[c]	*+11.2*	*+12.7*
SOUTHERN ILLINOIS						
East St. Louis	**$ 170**	**14,685**	**$ 9,528**		**$ 144**	**$ 52**
Percentage change from Aug., 1957	*+46.6*	*+0.5*	*+2.4*	n.a.	*−1.9*	*+0.6*
Percentage change from Sept., 1956	*−76.5*	*+5.2*	*−0.7*		*+3.6*	*+4.3*
Alton	**$ 167**	**14,875**	**$ 5,067**		**$ 40**	**$ 27**
Percentage change from Aug., 1957	*+203.6*	*−5.0*	*+1.6*	n.a.	*+6.1*	*−3.9*
Percentage change from Sept., 1956	*+106.2*	*+14.5*	*−3.8*		*+12.3*	*−5.7*
Belleville	**$ 148**	**10,640**	**$ 4,896**		n.a.	**$ 34**
Percentage change from Aug., 1957	*−7.5*	*+9.2*	*+0.3*	n.a.		*−4.7*
Percentage change from Sept., 1956	*−33.6*	*+34.8*	*+6.0*			*−16.2*

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Data for August, 1957. Comparisons relate to July, 1957, and August, 1956. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting periods ending September 20, 1957, and September 21, 1956.

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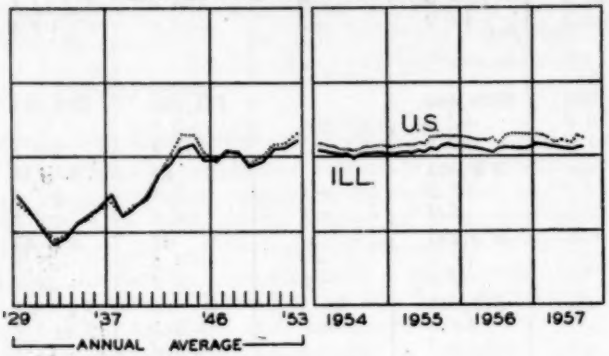
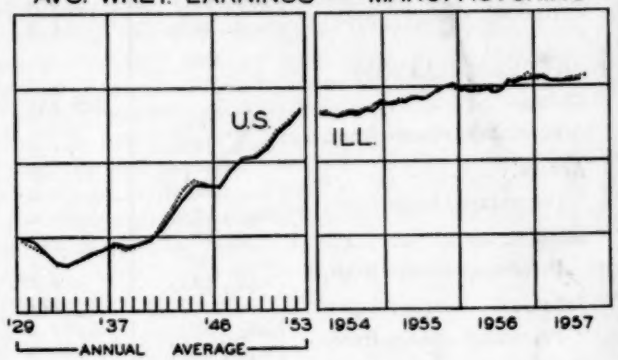
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

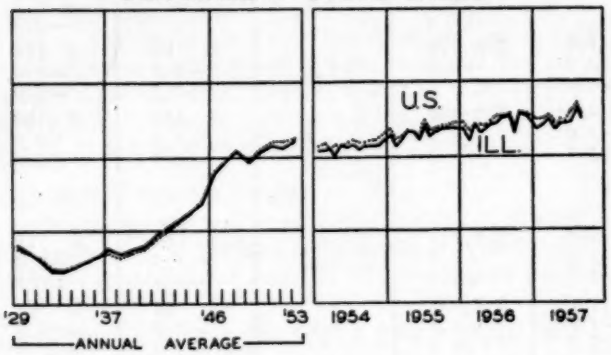
EMPLOYMENT–MANUFACTURING



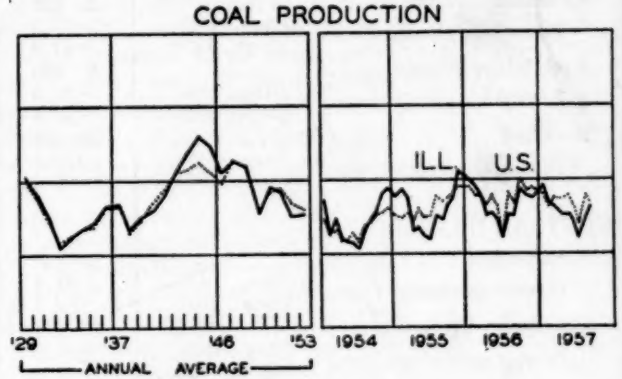
AVG. WKLY. EARNINGS — MANUFACTURING



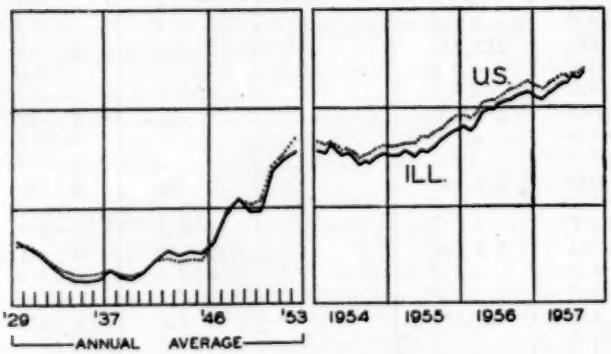
DEPARTMENT STORE SALES



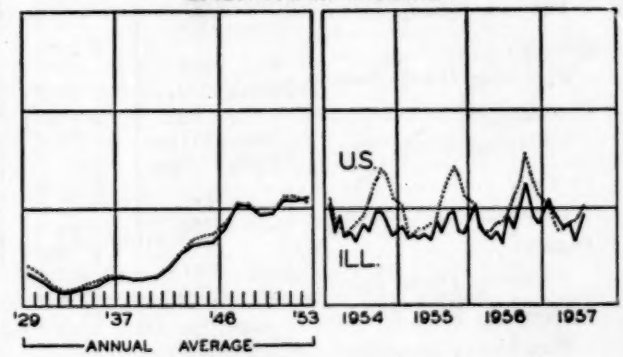
COAL PRODUCTION



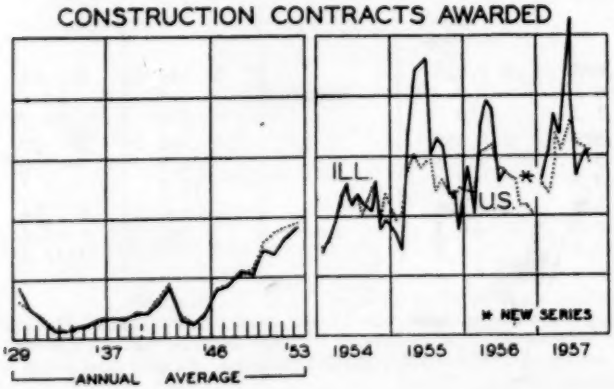
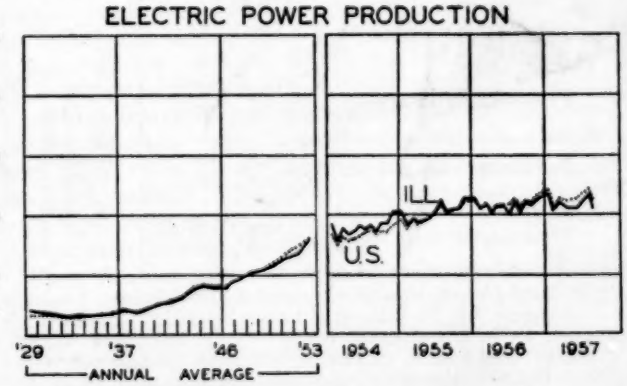
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS AWARDED



ELECTRIC POWER PRODUCTION